

Decision 18-07-035 July 26, 2018

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2017. (U 39 M)	Application 15-09-001
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DECISION GRANTING COMPENSATION TO CONSUMER FEDERATION OF CALIFORNIA FOR SUBSTANTIAL CONTRIBUTION TO DECISION 17-05-013

Intervenor: Consumer Federation of California	For contribution to Decision (D.) 17-05-013
Claimed: \$ 312,030.25	Awarded: \$192,275.20
Assigned Commissioner: Michael Picker	Assigned ALJ: Stephen C. Roscow

PART I: PROCEDURAL ISSUES

A. Brief description of Decision:	This decision authorized Pacific Gas and Electric Company's General Rate Case Revenue Requirement for 2017-2019.
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B. Intervenor must satisfy intervenor compensation requirements set forth in Pub. Util. Code §§ 1801-1812:

	Intervenor	CPUC Verified
Timely filing of notice of intent to claim compensation (NOI) (§ 1804(a)):		
1. Date of Prehearing Conference:	10/29/2015	Verified
2. Other specified date for NOI:	n/a	
3. Date NOI filed:	11/24/2015	Verified
4. Was the NOI timely filed?		Yes

Showing of eligible customer status (§ 1802(b) or eligible local government entity status (§§ 1802(d), 1802.4):		
5. Based on ALJ ruling issued in proceeding number:	R. 14-08-020	Verified
6. Date of ALJ ruling:	2/18/15	Verified
7. Based on another CPUC determination (specify):	N/A	
8. Has the Intervenor demonstrated customer status or eligible government entity status?		Yes
Showing of “significant financial hardship” (§1802(h) or §1803.1(b))		
9. Based on ALJ ruling issued in proceeding number:	R. 14-08-020	Verified
10. Date of ALJ ruling:	2/18/15	Verified
11. Based on another CPUC determination (specify):	N/A	
12. Has the Intervenor demonstrated significant financial hardship?		Yes
Timely request for compensation (§ 1804(c)):		
13. Identify Final Decision:	D. 17-05-013	Verified
14. Date of issuance of Final Order or Decision:	5/18/2017	Verified
15. File date of compensation request:	7/11/2017	Verified and amended on January 31, 2018.
16. Was the request for compensation timely?		Yes

PART II: SUBSTANTIAL CONTRIBUTION

A. Did the Intervenor substantially contribute to the final decision (see § 1802(j), § 1803(a), 1803.1(a) and D.98-04-059)

Intervenor’s Claimed Contribution(s)	Specific References to Intervenor’s Claimed Contribution(s)	CPUC Discussion
1. Gas Distribution Maintenance Expenditures (GDST) CFC reviewed and analyzed PGE’s proposed expenditures on gas distribution system, and prepared Testimony	CFC- Leak Management Corrective Maintenance Expenses, pp.10-14	A decision acknowledging the position of an intervenor is not indicative, on its own, of the intervenor’s substantial

<p>combining the utility's evidence, plus that from external sources to provide the Commission with a more complete perspective on how PG&E's proposed expenditures fit into the broader, long-term context of replacing the utility's aging distribution system assets.</p> <p>CFC anticipated using the supplementary information assembled to demonstrate that PG&E's planned expenditures were both inconsistent with the long-term expense trajectory required to sustain the system in good condition, yet also presenting a short-term expenditure spike inconsistent with the avoiding unnecessary rate-shock.</p> <p>Further, CFC examined the reported incident causes affecting PG&E gas distribution, and noted the non-trivial proportion of causes linked to company conduct. CFC argued for some of the steep increased expenditures being rightly recovered from shareholders, because company conduct contributed to the incidences. CFC proposed reducing the Gas Distribution expenses budget by \$18.7M, on the basis that, some repairs are directly the result of incorrect operation. Section 191 reports required by, and filed with, the Pipeline and Hazardous Materials Safety Administration (PHMSA) identify leaks caused by</p>	<p>CFC- Leak Management Corrective Maintenance Expenses, pp. 3-6</p> <p>CFC- Leak Management Corrective Maintenance Expenses, pp. 5,6,11,14</p> <p>CFC- Leak Management Corrective Maintenance Expenses, pp. 2,12</p> <p>CFC- Leak Management Corrective Maintenance Expenses, pp. 5,6</p> <p>CFC- Leak Management Corrective</p>	<p>contribution to the proceeding.</p> <p>CFC's alleged contributions on this issue did not assist the Commission's decisionmaking process.</p> <p>Because of the lack of substantial contribution on this issue, the Commission disallows 75% of CFC's hours claimed regarding "Gas Distribution Maintenance Expenditures (GDST)."</p>
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<p>incorrect operations. CFC recommended limiting 50% of the incorrect operations for recovery from customers—with the balance from the company/shareholders. CFC considered this approach would provide incentive to management to improve operating practices—with associated safety benefits. Our premise is that such expenses would be deterred via correct incentives—100% recovery from ratepayers provides no managerial motivation to improve operations performance. CFC recommended that, if any residual penalty funds directed by the San Bruno-related Fines and Remedies Decision, D.15-04-024, remained, they should be used to offset gas distribution remediation costs that would otherwise be collected from ratepayers. CFC expected to further advance this argument during cross-examination.</p> <p>CFC testimony argued that finding the correct rate of growth for the long-term expense trajectory would be a better plan for both the customer and the utility. CFC research indicated a need for establishing a long-term plan for gas distribution asset replacement should include a long-term funding approach. CFC based its position on Commission Decision D.14-08-032, that recommended California natural gas utilities take an “in perpetuity”</p>	<p>Maintenance Expenses, pp.11-13</p> <p>CFC- Leak Management Corrective Maintenance Expenses, pp.8-10</p> <p>CFC- Leak Management Corrective Maintenance Expenses, p. 13</p> <p>D.14-08-032, p.20.</p>	
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<p>perspective on essential infrastructure replacement. During discovery, CFC established that PG&E had not determined a long-term funding rate that would suffice in perpetuity. CFC anticipated that covering this matter during an oral presentation may have persuaded the Commission to formally require PG&E to include an “in perpetuity” approach, for the following GRC application.</p> <p>CFC anticipated furthering our argument during oral hearing.</p> <p>CFC recommended reducing the MWC ‘FI’ budget from \$90.3M to \$71.5M, based on the proportion of repairs reported to PHMSA in categories related to company conduct.</p> <p>The proceeding went to a settlement phase rather than oral hearing. Due to the settlement administration, CFC was not able to fully advance our arguments. Also, PG&E may have been able to produce arguments for why our proposed 50/50 resolution should have been a different apportionment. Instead, CFC participated in negotiating the settlement on Gas Distribution expenditures through TURN.</p> <p>The eventual settlement for Gas Distribution leak management expenses featured a \$2.5M reduction. CFC accepted that solution, as it represented the only</p>	<p>CFC- Leak Management Corrective Maintenance Expenses, pp. 2,12.</p> <p>D.17-05-013, p.54.</p>	<p>The Settlement Agreement adopted PG&E’s position. <i>See</i> D.17-05-013 at 120.</p>
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available way to proceed, considering original objective of reducing the corrective maintenance expenses facing ratepayers.		
<p>2. Electric Distribution Reliability (ELRE)</p> <p>Part of CFC's core advocacy for consumers is ensuring all customer groups, regardless of wealth, place of residence, or other forms of economic status are treated fairly. PG&E proposed upgrading its Electric Distribution assets as part of the GRC.</p> <p>CFC prepared Testimony demonstrating the persisting differential in electric service quality between PG&E Divisions (i.e., between California communities based on region). CFC showed that, although the utility has made relatively steady progress in improving its service quality (as shown by Commission-mandated reliability metrics), meaningful differentials nevertheless remain between locales. CFC considered that the division-level service reliability reporting requirement, established by D.16-01-008, must logically be accompanied by a means of demonstrating progress toward service quality consistency between divisions.</p> <p>CFC proposed, and Decision D.17-05-013 incorporated/adopted, a mathematical formula for calculating the convergence of inter-</p>	<p>CFC-Electric Distribution Reliability Upgrades Testimony, pp.6,7</p> <p>D.16-01-008, p.4.</p> <p>D.17-05-013, pp.147,148</p>	Verified

<p>divisional service quality performance to provide consumers and the Commission a published metric, capturing PG&E's progress toward ensuring all its ratepayers are receiving comparable service quality.</p> <p>Had there been an oral phase, CFC would have argued for institutionalizing the formula adopted as a permanent dimension of reliability reporting for PG&E aimed at ensuring consistent service for all PG&E ratepayers.</p>	<p>CFC submitted the detailed formula to PG&E, as part of the Settlement communications. The formula was adopted as part of the Settlement, exactly as defined in CFC's submission.</p>	
<p>3. Liability Insurance (INSL)</p> <p>CFC opposed PG&E's Excess & Other Liability insurance budget proposal of \$55.4M.</p> <p>PG&E's Liability Insurance expenses have grown at an annualized rate exceeding 20%. Insurance expense is a function of both consequence and frequency, and PG&E's loss experience has contributed to the premiums the company pays.</p> <p>CFC provided testimony showing that while Northern California property value increases have contributed to the company's liability exposure, PG&E's relatively poor loss experience (claims frequency and severity) has primarily caused the steep premium increases the budget proposes covering.</p> <p>CFC testimony also showed how PG&E had offered</p>	<p>CFC- Excess and Other Liability Insurance Testimony, pp2, 3.</p> <p>CFC- Excess and Other Liability Insurance Testimony, p.5</p> <p>CFC- Excess and Other Liability Insurance Testimony, p.5</p>	<p>Verified. The Settlement Agreement adopts half of CFC's proposed reduction. <i>See</i> D.17-05-013 at 105.</p>

<p>similar arguments in the previous (2014) GRC, received approval for their estimated premium costs, yet their actual costs were considerably lower. PG&E forecast \$74.5M; the actual expense was \$41.9M. The lowered actual expense seems consistent with insurers considering the company as presenting a better risk, due to improving practices stemming from the San Bruno accident. CFC Testimony was aimed at saving consumers \$6.8M, on the basis that a portion of Liability Insurance expense is attributable to the company having a worse-than-average, recent loss history, and the added insurance cost associated should not be fully incident on ratepayers. The proposed reduction reflected the estimated share rightly incident on shareholders.</p> <p>CFC proposed an allowance of \$48.6M—a \$6.8M reduction. The Settlement incorporated a \$3.4M reduction—half CFC’s proposed amount.</p>	<p>CFC-Excess and Other Liability Insurance Testimony, p.6</p> <p>CFC- Excess and Other Liability Insurance Testimony, p.6</p> <p>CFC- Excess and Other Liability Insurance Testimony, p.7</p> <p>D.17-05-013, p.105</p>	
<p>4. Property Insurance. (INSP)</p> <p>PG&E proposed \$22.0M for (non-nuclear) property insurance expenses for 2017. Property insurance is directly affected by rate base valuation. PG&E valued its 2014 rate base at \$21.0B; the estimated 2017 rate base was \$25.2B. In Update Testimony, PG&E revalued its 2017 rate base, reducing it to \$24.5B—a 2.5% reduction. CFC argued</p>	<p>CFC-Property Insurance Testimony, p.3</p>	<p>Verified</p>

<p>that, for consistency, the Property Insurance expense should be reduced in kind—as the coverage is directly a function of the property covered. CFC interviewed insurance industry experts for their perspectives on the trend in property insurance premia; the insurers expressed the view that rates would increase somewhat less steeply than depicted by PG&E. CFC Testimony was aimed at saving consumers \$0.5M, by ensuring that the property insurance expense directly aligned with both insurance premium trends, and PG&E’s revaluation of its rate base. The Settlement incorporated the \$0.5M reduction in Non-Nuclear Property Insurance, based on our recommendation.</p>	<p>CFC-Property Insurance Testimony, p. 3</p> <p>D.17-05-013, p.105</p>	
<p>5. Directors & Officers’ Liability (D&O) Insurance. (INDO)</p> <p>PG&E proposed that the Commission should reverse its existing position, and allow 100% of D&O expense be recovered from ratepayers. PG&E anticipated \$2.4M for D&O insurance, for 2017. CFC researched contemporary practices regarding D&O, and concluded that the existing 50/50 split between ratepayer and shareholder funding of D&O be maintained. CFC Testimony aimed to save consumers \$1.2M, by ensuring that the entire forecast budget, \$2.4M, remained 100% funded from shareholders.</p>	<p>CFC-Directors & Officers Liability Insurance Testimony, pp. 2,3</p>	<p>Verified, however, CFC’s recommendation was “it ain’t broke, so don’t fix it.” (<i>See</i> CFC-Directors & Officers Liability Insurance Testimony at 3). We do not find a substantial contribution on this issue, and therefore deduct 6.5 hours for time spent on testimony supporting CFC’s position.</p>

The Settlement opted for the status quo treatment—CFC’s position.	D.17-05-013, p.105	
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B. Duplication of Effort (§ 1801.3(f) and § 1802.5):

	Intervenor’s Assertion	CPUC Discussion
a. Was the Office of Ratepayer Advocates (ORA) a party to the proceeding?	Yes	Yes
b. Were there other parties to the proceeding with positions similar to yours?	Yes	Yes
c. If so, provide name of other parties: TURN, ORA, A4NR, CAUSE.		Verified
d. Intervenor’s claim of non-duplication: CFC took positions in this matter that reflect its consumer protection mission. CFC actively consulted with other parties including ORA and TURN during the course of the proceeding and generally divided up the issues that each would pursue. CFC particularly focused on the issues listed in this claim. CFC regularly discussed these issues with ORA, TURN, and other intervenors to avoid any duplication of effort. Under these circumstances, CFC’s compensation in this proceeding should not be reduced for duplication.		Verified

PART III: REASONABLENESS OF REQUESTED COMPENSATION**A. General Claim of Reasonableness (§ 1801 and § 1806):**

a. Intervenor’s claim of cost reasonableness: There will be monetary benefits for ratepayers based on CFC’s participation, although it is difficult to estimate a specific amount of monetary benefits. CFC’s intervention affected five elements in the eventual Settlement Agreement: Gas Distribution Leak Management Expenses; Liability Insurance; Property Insurance (Non-Nuclear); Directors & Officers Insurance; Electric Distribution Service Consistency (Inter-Divisional Performance). CFC proposed a total of \$27.25 million in reductions for these accounts; the Settlement adopted a total of \$7.625 million in associated reductions. CFC was the only intervenor recommending a reduction for Non-Nuclear Property; the Settlement adopted our recommendation. While no specific monetary value was calculated for the potential impact of the adopted method for evaluating progress toward consistent Electric Distribution Service, the adopted performance metric supports the inter-divisional service consistency objectives of Decision D.16-01-008, will improve situational awareness, and help ensure fairness in future expenditures—beneficial for ratepayers,	CPUC Discussion Noted.
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the utility, and the regulator.	
<p>b. Reasonableness of hours claimed:</p> <p>Throughout, CFC has been very conservative in recording hours in this case. CFC worked efficiently and recorded hours rounding down to the nearest decimal. Both attorney fee and intervenor compensation claim preparation hourly amounts are reasonable in light of the work performed and product produced.</p> <p>In general, CFC's use of staff time was reasonable given the duration and complexity of the issues and the fact that this was a General Rate Case. For example, Ms. Johnson, as CFC's lead attorney in this case, devoted 353.0 hours over the course of 3 years, the equivalent of approximately 2 months of work time. Ms. Johnson was lead attorney for the proceeding, worked on all of CFC's issues, and spear headed the settlement negotiation on behalf of CFC. Mr. Roberts devoted 587.7 hours, equivalent to roughly 4 months of work. Mr. Roberts assessed the economic impacts of the proposed rates, developed significant input for Commission consideration, and wrote the majority of the Compensation Claim. While Mr. Nusbaum devoted 70.8 hours, equivalent to 9 days. As supervisor, Mr. Nusbaum reviewed and edited pleadings and data requests as well as provided strategic guidance and advice relating to process and development of CFC's positions and arguments. Mr. Nusbaum's supervisory role was crucial given that the instant GRC was the first GRC case undertaken by Ms. Johnson, and the first in California for Mr. Roberts.</p> <p>CFC submits that the volume and quality of the analysis, particularly as set forth in the work produced by Ms. Johnson and Mr. Roberts, amply demonstrates the reasonableness of the figures provided here.</p>	<p>With the reductions made in this decision, the claim is reasonable.</p>
<p>c. Allocation of hours by issue:</p> <p>CFC has allocated its time entries using the following activity codes:</p> <ol style="list-style-type: none"> 1. GP: General Preparation/Review 2. GDST: Gas Distribution 3. ELRE: Electric Distribution Reliability 4. INSL: Liability Insurance 5. INSP: Property Insurance 6. INDO: Directors & Officers Insurance 7. SN: Settlement 8. W: Workshops <p># - Where time entries cannot easily be identified with a specific activity code. For those entries, the allocation of time spent on activities can be broken down as follows: GDST 30%, ELRE 10%, INSL 15%, INSP 15%, SN 30%.</p>	<p>Time records allocate 4.8 hours to activity code ESCL which is not defined here. In correspondence with CFC they defined ESCL as Escalation.</p>

B. Specific Claim:*

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate \$	Total \$
Nicole Johnson	2015	68.9	300	D1506062 D1507029	\$20,670	51.33	\$300 ¹	\$15,399.00
Nicole Johnson	2016	232.2	305	Resolution ALJ-329	\$70,821	191.56	\$305	\$58,425.80
Nicole Johnson	2017	51.9	310	Resolution ALJ-345	\$16,089	45.18	\$310	\$14,005.80
William Nusbaum	2015	6.5	465	Res. ALJ- 308	\$3,023	6.5	\$465 ²	\$3,022.50
William Nusbaum	2016	64.8	470	Res. ALJ- 329	\$30,456	47.79	\$470 ³	\$22,461.30
Tony Roberts	2015	129.3	275	See Note 5 Below	\$35,558	116.92	\$230	\$26,891.60
Tony Roberts	2016	457.8	275	See Note 5 Below	\$125,895	206.32	\$235 ⁴	\$48,485.20
Tony Roberts	2017	0.5	275	See Note 5 Below	\$138	0.5	\$240 ⁵	\$120.00
Subtotal: \$302,649.5						Subtotal: \$188,811.20		
INTERVENOR COMPENSATION CLAIM PREPARATION **								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate	Total \$
Nicole Johnson	2015					2	\$150	\$300.00
Nicole Johnson	2017	8.8	155	½ rate from Res. ALJ-345	\$1,364.00	8.8	\$155	\$1,364.00

¹ See D.16-12-021.² See D.16-03-027.³ Application of Res. ALJ-329 – 1.28% Cost of Living Adjustment for 2016.⁴ Application of Res. ALJ-329 – 1.28% Cost of Living Adjustment for 2016.⁵ Application of Res. ALJ-345 – 2.14% Cost of Living Adjustment for 2017.

Tony Roberts	2017	58.3	137.5	See Note 5 Below	\$8,016.25	15	\$120	\$1,800.00
Subtotal: \$9,380.25						Subtotal: \$3,464.00		
TOTAL REQUEST: \$312,030.25						TOTAL AWARD: \$192,275.20		
<p>*We remind all intervenors that Commission staff may audit the records and books of the intervenors to the extent necessary to verify the basis for the award (§1804(d)). Intervenors must make and retain adequate accounting and other documentation to support all claims for intervenor compensation. Intervenor’s records should identify specific issues for which it seeks compensation, the actual time spent by each employee or consultant, the applicable hourly rates, fees paid to consultants and any other costs for which compensation was claimed. The records pertaining to an award of compensation shall be retained for at least three years from the date of the final decision making the award.</p> <p>**Travel and Reasonable Claim preparation time are typically compensated at ½ of preparer’s normal hourly rate</p>								
ATTORNEY INFORMATION								
Attorney		Date Admitted to CA BAR ⁶		Member Number		Actions Affecting Eligibility (Yes/No?) If “Yes”, attach explanation		
Nicole Johnson		June 2006		242625		No		
William R. Nusbaum		June 1983		108835		No		

C. Attachments Documenting Specific Claim and Comments on Part III

Attachment or Comment #	Description/Comment
1	Certificate of Service
2	Nicole Johnson Timesheet
3	William Nusbaum Timesheet
4	Tony Roberts Timesheet
5	<p>Justification for Hourly Rate for Tony Roberts</p> <p>CFC proposes an hourly rate for Mr. Roberts of \$275.</p> <p>CFC arrived at this recommended rate on the basis of the combination of Mr. Roberts's experience and training, modelled</p>

⁶ This information may be obtained through the State Bar of California's website at <http://members.calbar.ca.gov/fal/MemberSearch/QuickSearch>.

	<p>on rates approved for TURN experts.</p> <p><u>I. Experience Basis</u></p> <p>Mr. Roberts has 22 years of experience as an practicing economist, including 14 years of regulatory experience.</p> <p>Mr. Roberts's regulatory career started in 2003, when Mr. Roberts was responsible for collaborating with the British Columbia Ferry Commissioner, Martin Crilly, in developing and constructing the BC Ferries Price Cap Model for regulatory compliance. Mr. Roberts was subsequently responsible for administering the price cap, on behalf of both the Commission and BC Ferries.</p> <p>Beyond Mr. Roberts's regulatory role, he was also a corporate tariff manager and revenue and operations analyst. Mr. Roberts's forecasting performance was acclaimed. Mr. Roberts also managed the development and introduction of the British Columbia Ferry Corporation strategic fuel management programme.</p> <p>From 2007 through 2010, Mr. Roberts was a Senior Economist with the British Columbia Utilities Commission. Mr. Roberts's contributions ranged from analysis of utility demand and revenue forecasts, through taking the role of Commission Lead Staff, responsible for managing a major regulatory proceeding, involving Federal Energy Regulatory Commission Open Access Transmission Tariff compliance and resolution of a financially significant dispute between Crown Corporation British Columbia Hydro and Power Authority and TransCanada Energy with regard to Intertie access, curtailment, and pricing. In other Commission Lead Staff roles, Mr. Roberts was responsible for managing entire regulatory proceedings, from drafting announcement Orders establishing the proceeding scope and timetable, through to drafting Decision sections regarding pricing, demand forecasts, and resource plan requirements. CFC notes Payscale.com reports that amongst the professional skills weighing most on remuneration for economists, policy analysis, forecasting, and research analysis each command above-average pay rates. Mr. Roberts is an expert forecaster, having over ten years of experience.</p> <p>As a regulatory consultant, Mr. Roberts provided economic analysis supporting the British Columbia Public Interest Advocacy Centre on behalf of the British Columbia Old Age</p>
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	<p>Pensioners Organisation (BCOAPO), for regulatory proceedings involving the provincial Crown Corporation auto insurance company, the Insurance Corporation of British Columbia. Mr. Roberts has used his economics and statistics acumen as a facsimile for actuarial support, on behalf of the BCOAPO.</p> <p>Based on Mr. Roberts’s combination of corporate manager/analyst, regulatory economist, and public interest advocacy experience, CFC believes he brings a valuable, 360-degree perspective as a regulatory specialist.</p> <p>For determining a reasonable hourly rate for Mr. Roberts, CFC started by examining the CPUC published hourly rates for various experts, reported in the IComp “Hourly Rate Table.” CFC looked for experts comparable with Mr. Roberts, based on academic background, professional resume, and regulatory experience, supplemented by examinations of recent compensation claim descriptions of their proceeding contributions.</p> <p>CFC identified TURN consultants/experts John Sugar, Bill Marcus, Garrick Jones, Jeffrey Nahigian, and Kevin Woodruff as potential comparables to Mr. Roberts. These individuals were selected due to their combinations of education, experience, and most importantly, their contributions to recent TURN interventions, in terms of written testimony and analytical analysis/modelling.</p> <p>CFC examined the recent record of rates approved for the aforementioned economists, analysts, and experts—per data presented in the CPUC “Hourly Rate Table.” Using only the approved hourly rates for TURN consultants, CFC identified a range of \$140 to \$450. CFC notes this range is consistent with that shown in Table 2 of ALJ-329, at page 4.</p> <p>CFC reviewed the details of work undertaken by Messer’s. Marcus, Sugar, Jones, and Nahigian in support of TURN’s intervention in the PG&E 2014 GRC proceeding. CFC concluded that the nature of submissions made by Messer’s Sugar and Marcus on behalf of TURN’s intervention most closely approximated that provided by Mr. Roberts in support of CFC’s intervention in the PG&E 2017 GRC, Phase I proceeding.</p> <p>In terms of resumes, Mr. Roberts’s background is also quite similar to that of Messer’s Sugar and Marcus. All three have acted as Senior Economists for the organizations at which they</p>
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<p>were employed—especially regarding Mr. Marcus, as both he, and Mr. Roberts, served that role with state (in Mr. Roberts’s case, provincial) utility commissions.</p> <p>Both Mr. Sugar and Mr. Roberts undertook parallel tasks: reading the application, identifying and developing preliminary Issues; drafting data requests; analysing data responses; formulating intervenor position; writing testimony; advising attorneys on final position.</p> <p>Overall, CFC considers Mr. Marcus’s work as most broadly similar to Mr. Roberts’s. The difference is that Mr. Marcus has been participating in CPUC proceedings for many, many years, and written testimony in a considerable number of cases. Like Mr. Marcus, Mr. Roberts has proposed mathematical means for evaluating regulatory performance. For this reason, CFC believes it important to establish a commensurate rate for Mr. Roberts in this proceeding that fully reflects his education, extensive corporate and Commission experience, and aligns with this expectation. On balance, CFC considers Mr. Roberts’s background and skill set as somewhat more comparable with Mr. Marcus than Mr. Sugar. Mr. Marcus recently realized an approved rate of \$270 per hour.</p> <p>All three have corporate management experience. As Manager, Fuel Management with the British Columbia Ferry Corporation, Mr. Roberts was responsible for developing the corporate fuel hedging program for C-suite approval, and establishing the initial fuel hedging strategy. Mr. Roberts was responsible for the program’s \$(CAD)35 million budget. As Manager, Tariff, and as Senior Analyst, Tariff and Revenue, Mr. Roberts worked either independently or jointly with his colleague, Mr. Peter Hildebrand, in administering the corporate tariff, and its associated \$(CAD)360 million toll revenue operations, including product line supervision of over 2,000 ticket agents.</p> <p>CFC obtained information on the impact of years of experience on the pay of economists from recognized human resources advisory site Payscale.com. Payscale.com deems 5 to 10 years of experience as “mid-career.” Mr. Roberts, as well as Messer’s. Sugar and Marcus, are all clearly beyond mid-career, in terms of both overall experience and regulatory experience.</p> <p>Payscale.com describes how economists’ salaries progress with years of experience. (Note that Payscale’s reported progression is for all economists, regardless of industry.)</p>

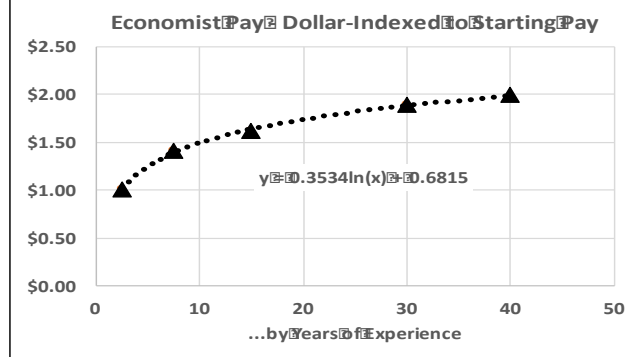
“Pay by Experience for an Economist has a positive trend. An entry-level Economist with less than 5 years of experience can expect to earn an average total compensation of \$63,000 based on 531 salaries provided by anonymous users. Average total compensation includes tips, bonus, and overtime pay. An Economist with mid-career experience which includes employees with 5 to 10 years of experience can expect to earn an average total compensation of \$89,000 based on 168 salaries. An experienced Economist which includes employees with 10 to 20 years of experience can expect to earn an average total compensation of \$102,000 based on 114 salaries. An Economist with late-career experience which includes employees with greater than 20 years of experience can expect to earn an average total compensation of \$119,000 based on 49 salaries.”

CFC converted Payscale.com’s assessment of economist compensation, by years of practice, into a dollar index. The dollar index shows the ratio of how much an economist with the selected number of years of experience would command, as a multiple of the pay for an early-career economist, with 0-to-5 years of experience):

Yr Range	Yrs Mid-point	Avg. Pay	\$ Index
0-5	2.5	\$63,000	\$1.000
5-10	7.5	\$89,000	\$1.413
10-20	15	\$102,000	\$1.619
20+	30	\$119,000	\$1.889

CFC developed a formula, capturing the impact of experience years on economist pay, based on Payscale.com’s above assessment. The formula produces an indexed dollar value, by years of experience, using an exponential formulation:

$$\text{Dollars in Experience Year } i = 0.6815 + 0.3534 \cdot \ln(\text{Experience Years})$$



(Assuming a potential career of 40 years, CFC deemed “an experienced professional with over 20 years” as having 30 years of experience.)

The formula output is a dollar index, indicating the ratio of what an economist, with any selected years of experience, should earn, compared to an ‘early career’ (0-to-5 years of experience) economist.

The dollar index values allow comparison of expected pay for economists with different years of experience. (For example, the formula result (the dollar index value) for 5 years of experience is \$1.250; the result for 15 years of experience is \$1.639. The ratio is $\$1.639/\$1.250=1.31$. Thus, it would be expected that an economist with 15 years of experience would earn 31% more than one with 5 years of experience.)

In his JBS Energy bio, Mr. Marcus is described as having joined the California Energy Commission in 1978, after having completed his M.A., in 1975, and then having served as a Research Analyst at the Kennedy School of Government, from 1975 to 1978. CFC assumed 39 years of corporate (whether industry or governmental) experience for Mr. Marcus. Mr. Sugar’s bio indicates his professional career started in 1975, with his engagement with state health, social service, and transportation programs. On this basis, Mr. Sugar has 42 years of experience. Mr. Roberts has 22 total years as a practitioner. The formula produces the following results, for the experience dimension:

Therefore, on an experience-basis only, the indicated rate for Mr. Roberts is $0.898 \cdot \$275 = \245 .

II. Training Basis

Regarding academic credentials, Mr. Sugar has an M.A. in Public Policy. Mr. Marcus has an M.A. in Economics. Mr. Roberts has a M.Sc. in Business Administration.

Mr. Roberts is a Member of the Association of Professional Economists of British Columbia.

Mr. Roberts is a graduate of the University of British Columbia's Master of Science (Bus. Admin.) program. UBC's M.Sc. program requires completion of core MBA courses, courses in the candidate's area of specialty, and successfully writing and defending a thesis. Having already held a B.A. in Economics, his specialty courses were in applied economics, logistics, operations management, and marketing management (particularly, pricing). His thesis was an applied economics evaluation of Canada-United States air transportation services agreements, and the associated implications for airline pricing and competition in Canada.

For the training-based component of Mr. Roberts's hourly rate, CFC reviewed current information on Economist and similar profession compensation from Payscale.com.

Table 1 - Payscale.com Reported Pay by Degree

Major	Degree Type	Early Career Pay	Mid-Career Pay
Finance & Economics	MBA	\$66,700	\$137,000
Business & Marketing	MBA	\$61,700	\$126,000
Marketing & Management	MBA	\$63,900	\$126,000
Marketing	MBA	\$61,700	\$123,000
Strategic Management	MBA	\$69,200	\$122,000
Economics	PhD	\$101,000	\$121,000
Operations Management (OM)	MBA	\$75,500	\$121,000
Business Management & Marketing	MBA	\$66,400	\$117,000
Economics	Master's	\$64,900	\$115,000
General Business	MBA	\$61,800	\$115,000
Operations & Supply Chain Management	MBA	\$72,700	\$115,000
Business Management	MBA	\$59,500	\$107,000
Marketing & Management	Master's	\$52,500	\$103,000
Integrated Marketing Communications	Master's	\$49,600	\$101,000
Marketing	Master's	\$54,100	\$101,000
Business & Marketing	Master's	\$58,000	\$99,000
Marketing & Communications	Master's	\$48,600	\$87,700
Public Policy Analysis	Master's	\$54,500	\$85,100
Public Health (PH)	Master's	\$52,400	\$81,100
Public Relations & Communication	Master's	\$47,100	\$80,000
Public Administration	Master's	\$47,200	\$77,000

For comparisons, CFC looked at the differential Mid-Career Pay, reported by Payscale.com, per the above table, for holders of the degrees similar to those of Messer's Roberts, Sugar, and Marcus. Mr. Marcus has an M.A. in Economics, Mr. Sugar has an M.A. in Public Policy Analysis, and so their degrees are directly identifiable in the table. For Mr. Roberts, the table does not have a directly identifiable degree equivalent to UBC's Master of Science in Business Administration. Therefore, CFC used both MBA-Marketing & Management and MBA-Operations & Supply Chain Management as comparables.

Training	Degree	Mid-Career Pay	\$ vs Marcus	Exp \$ Rate
Marcus	M.A. Econ	\$115,000	\$1.000	\$275
Sugar	M.Pub.Policy	\$85,100	\$0.740	\$204
Roberts	M.Sc.Bus.Admin	\$120,500	\$1.048	\$288

Therefore, on a training-basis only, the indicated rate for Mr. Roberts is $1.048 \cdot \$275 = \290 .

Additionally, Mr. Roberts is a Commercial Pilot. As such, he has a level of formal training in electronics that exceeds what would be typical of most regulatory economists, and directly pertinent to competently understanding and addressing issues with respect to electricity distribution.

Finally, CFC notes the California State Auditor's Report (Report 2012-118) recommendation that the Commission update its hourly rates via a new market rate study—the last one having been done in 2005—for compliance with state law. If the Commission has in fact undertaken the recommended update, CFC requests that the rate approved for Mr. Roberts reflect the new rate indications based on the updated market study.

III. Weighting

Of course, the eventual hourly rate is a combination of the indicated Experience and Training rates. CFC inquired with the Commission regarding whether an algorithm for weighting the contributory factors was available. Absent such a mechanism, CFC examined two possible weighting scenarios.

The first scenario simply applied 50% weights for each of experience and training. For Mr. Roberts, an equal weighting of his Experience rate (\$247) and Training rate (\$288) results in a net hourly rate of \$267.50—when rounded, per standard

	<p>Commission practice, his rate would be \$270. However, CFC notes that, under this weighting, a higher rate for Mr. Sugar is indicated: \$240 per hour, instead of his most-recently approved \$225.</p> <p>The second scenario used a weighting such that the rates for Messer's Sugar and Marcus reflect their most recently-approved rates (\$275 and \$225, respectively). The weighting consistent with those approved rates is 30% Experience, 70% Training. On that basis, a rate of \$277.41 is indicated for Mr. Roberts—on rounding, \$275.</p> <p><u>IV. Recommended Rate</u></p> <p>As this basis leads to rates consistent with those actually awarded to Messer's Marcus and Sugar, CFC recommends an hourly rate for Mr. Roberts of \$275.</p>
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D. CPUC Disallowances and Adjustments

Item	Reason
Adoption of Tony Roberts Hourly Rate	<p>Tony Roberts (Roberts) has 22 years of experience as a practicing economist, including 14 years of regulatory experience with international utilities. Roberts has also worked as a corporate tariff manager and revenue and operations analyst. In that capacity, Roberts was responsible for managing a major regulatory proceeding focused on Intertie access, curtailment, and pricing. As a economics consultant he provided economic analysis supporting a variety of international organizations.</p> <p>In addition to the experience above, CFC notes that Roberts' experience as a commercial pilot has given him "training in electronics that exceeds what would be typical of most regulatory economists, and directly pertinent to competently understanding and addressing issues with respect to electricity distribution." We do not however, find any significant correlation between Roberts' commercial pilot training having given Roberts a comprehensive understanding of electricity distribution.</p> <p>After reviewing Roberts' credentials, we find a rate of \$230 to be more reasonable and reflective of Roberts' experience level for work he completed in 2015. The rate of \$230 an hour is reflective of Roberts' 14 years of regulatory experience, and aligns with the rate ranges set by Resolution ALJ-308.</p>
[1]	<p>Re-categorization to intervenor compensation hours:</p> <ul style="list-style-type: none"> 11/2/2015 Johnson – 0.5 hour "Draft NOI"

	<ul style="list-style-type: none"> • 11/3/2015 Johnson – 0.5 hour⁷ “Communication with team: ..., NOI” • 11/23/2015 Johnson – 1.0 hour “Draft NOI”
[2]	<p>The Commission does not compensate participation regarding Public Participation Hearings.⁸ The following hours are therefore disallowed:</p> <ul style="list-style-type: none"> • 11/3/2015 Johnson – 0.5 hour “Communication with team: PPH, ...” • 1/12/2016 Johnson – 0.5 hour “Conference Call to discuss public hearings/locations”
[3]	<p>Disallowance of time spent on matters with no apparent relationship to substantial contributions:</p> <ul style="list-style-type: none"> • 11/23/2015 Johnson – 0.6 hour “read party NOIs”
[4]	<p>The Commission does not compensate attorneys for work that is clerical in nature as such work has been factored into the established rates. The following hours are disallowed from CFC’s claim as clerical:</p> <ul style="list-style-type: none"> • 1/4/2016 Johnson – 1.0 hour “reply to office communications” • 8/2/2016 Johnson – 0.3 hour “call with Frank re. int. comp issue and ‘housekeeping’”
[5]	<p>The timesheets submitted for Johnson consist predominantly of vague tasks⁹ related to the issues addressed by CFC. The Commission requires specificity when making determinations of intervenor compensation.¹⁰ We therefore reduce Johnson’s hours by 15% to be split evenly amongst the three years in which the work was performed.</p>
[6]	<p>For the lack of substantial contribution related to Gas Distribution Maintenance Expenditures (GDST), the Commission disallows 75% of the claimed hours in this area. The Commission disallows the following hours:</p> <ul style="list-style-type: none"> • 2015 Johnson: 11.03 hours • 2016 Johnson: 27.23 hours

⁷ Where CFC has combined multiple tasks into one timesheet entry, we elect to estimate the amount of time allocated to each task by dividing the total time logged by the numbers of tasks indicated in the timesheet entry.

⁸ See D.04-09-050 at 12.

⁹ For example, “read emails” entry on 10/27/2015; “communication with team” entry on 11/2/2015; “reply to office communications” entry on 1/4/2016; “research” entry on 2/22/2016; “conference call” entry on 7/1/2016; “prep for Tuesday’s meeting” entry on 7/29/2016; “emails” entry on 9/1/2016.

¹⁰ See e.g., D.10-02-010.

	<ul style="list-style-type: none"> • 2017 Johnson: 4.13 hours • 2015 Roberts: 12.38 hours • 2016 Roberts: 233.06 hours • 2016 Nusbaum: 6.41 hours
[7]	We find no significant contribution regarding CFC's recommendation on the Directors & Officers' Liability Insurance (INDO) issue. <i>See</i> CPUC Discussion in Part II.5. We therefore disallow 5.92 hours from Roberts and 0.6 from Nusbaum in 2016.
[8]	On May 4, 2016, Nusbaum lists 11 hours for "Call w/NJ/TR re next steps in GRC planning" while Johnson lists 1 hour for the same call. We disallow 10 hours from Nusbaum's 2016 hours as excessive.
[9]	<p>On multiple occasions Mr. Roberts lists excessive hours:</p> <ul style="list-style-type: none"> • May 5, 2016 claims total of 13.33 hours for writing testimony • May 12, 2016 claims total of 15.17 hours for a DR response and writing testimony • May 13, 2016 claims total of 20 hours for analysis and writing testimony <p>We disallow all claimed time accrued after the initial 12 hours as excessive, for a total disallowance of 12.5 hours.</p>
[10]	CFC requests a total of 67.1 hours of compensation for preparation of its Intervenor Compensation Claim. After re-categorizing 2 hours as intervenor compensation claim preparation, CFC spent a total of 69.1 hours preparing this claim. CFC has used the expedited forms available to intervenors to simplify these tasks and is also experienced in the completion of compensation claims. We disallow 43.3 hours of Roberts' 2017 hours in this category as excessive.

PART IV: OPPOSITIONS AND COMMENTS

A. Opposition: Did any party oppose the Claim?	No
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B. Comment Period: Was the 30-day comment period waived (<i>see</i> Rule 14.6(c)(6))?	No
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If not:

Party	Comment	CPUC Discussion
		No comments received.

FINDINGS OF FACT

1. Consumer Federation of California has made a substantial contribution to D.17-05-013.
2. The requested hourly rates for Consumer Federation of California's representatives, as adjusted herein, are comparable to market rates paid to experts and advocates having comparable training and experience and offering similar services.
3. The claimed costs and expenses, as adjusted herein, are reasonable and commensurate with the work performed.
4. The total of reasonable compensation is \$192,275.20.

CONCLUSION OF LAW

1. The Claim, with any adjustment set forth above, satisfies all requirements of Pub. Util. Code §§ 1801-1812.

ORDER

1. Consumer Federation of California shall be awarded \$192,275.20.
2. Within 30 days of the effective date of this decision, Pacific Gas and Electric Company shall pay Consumer Federation of California the total award. Payment of the award shall include compound interest at the rate earned on prime, three-month non-financial commercial paper as reported in Federal Reserve Statistical Release H.15, beginning September 24, 2017, the 75th day after the filing of Consumer Federation of California's request, and continuing until full payment is made.

3. The comment period for today's decision is not waived.

This decision is effective today.

Dated July 26, 2018, at Sacramento, California.

MICHAEL PICKER

President

CARLA J. PETERMAN

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

Commissioners

APPENDIX**Compensation Decision Summary Information**

Compensation Decision:	D1807035	Modifies Decision?	No
Contribution Decision:	D1705013		
Proceeding:	A1509001		
Author:	ALJ Roscow		
Payer:	Pacific Gas and Electric Company		

Intervenor Information

Intervenor	Claim Date	Amount Requested	Amount Awarded	Multiplier?	Reason Change/Disallowance
Consumer Federation of California (CFC)	7/11/17; Amended on 1/31/18	\$312,030.25	\$192,275.20	N/A	<i>See</i> CPUC Disallowances and Adjustments, above.

Advocate Information

First Name	Last Name	Type	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
Nicole	Johnson	Attorney	CFC	\$300	2015	\$300
Nicole	Johnson	Attorney	CFC	\$305	2016	\$305
Nicole	Johnson	Attorney	CFC	\$310	2017	\$310
William	Nusbaum	Attorney	CFC	\$465	2015	\$465
William	Nusbaum	Attorney	CFC	\$470	2016	\$470
Tony	Roberts	Expert	CFC	\$275	2015	\$230
Tony	Roberts	Expert	CFC	\$275	2016	\$235
Tony	Roberts	Expert	CFC	\$275	2017	\$240

(END OF APPENDIX)